

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Michael Kubayanda, Chairman;
Ann C. Fisher, Vice Chairman;
Mark Acton;
Ashley E. Poling; and
Robert G. Taub

Competitive Product Prices
International Priority Airmail, Commercial ePacket,
Priority Mail Express International, Priority Mail
International & First-Class Package International
Service Contract 1 (MC2020-159)
Negotiated Service Agreements

Docket No. CP2020-177

Competitive Product Prices
International Priority Airmail, Commercial ePacket,
Priority Mail Express International, Priority Mail
International & First-Class Package International
Service Contract 2 (MC2020-161)
Negotiated Service Agreements

Docket No. CP2020-184

Competitive Product Prices
International Priority Airmail, Commercial ePacket,
Priority Mail Express International, Priority Mail
International & First-Class Package International
Service Contract 4 (MC2020-163)
Negotiated Service Agreements

Docket No. CP2020-186

Competitive Product Prices
International Priority Airmail, Commercial ePacket,
Priority Mail Express International, Priority Mail
International & First-Class Package International
Service Contract 6 (MC2020-167)
Negotiated Service Agreements

Docket No. CP2020-190

Competitive Product Prices
International Priority Airmail, Commercial ePacket,
Priority Mail Express International, Priority Mail
International & First-Class Package International
Service Contract 9 (MC2020-178)
Negotiated Service Agreements

Docket No. CP2020-202

ORDER APPROVING MODIFICATION TWO TO INTERNATIONAL PRIORITY
AIRMAIL, COMMERCIAL EPACKET, PRIORITY MAIL EXPRESS INTERNATIONAL,
PRIORITY MAIL INTERNATIONAL & FIRST-CLASS PACKAGE INTERNATIONAL
SERVICE NEGOTIATED SERVICE AGREEMENTS

(Issued December 22, 2022)

I. INTRODUCTION

In these dockets, the Postal Service seeks to modify five International Priority Airmail, Commercial ePacket, Priority Mail Express International, Priority Mail International & First-Class Package International Service negotiated service agreements (Existing Agreements). For the reasons discussed below, the Commission approves the modifications.

The Postal Service filed notices that it has agreed to the modifications to these Existing Agreements (Notices). The modifications to each of the Existing Agreements are attached to the Notices (Modifications). The Commission issued notices reopening these dockets to consider the Modifications, appointing Public Representatives, and providing interested persons with an opportunity to comment.¹

The effective date of the Modifications is the first date on which the Postal Service is willing to accept Qualifying Mail in accordance with the Modifications. See

¹ See Docket No. CP2020-192, *et al.*, Notice Initiating Docket(s) for Recent Postal Service Negotiated Service Agreement Filings, December 9, 2022; Docket No. CP2020-177, *et al.*, Notice Initiating Docket(s) for Recent Postal Service Negotiated Service Agreement Filings, December 13, 2022; Docket No. CP2020-184, *et al.*, Notice Initiating Docket(s) for Recent Postal Service Negotiated Service Agreement Filings, December 14, 2022.

Notices, Attachment 1 at 1. The Postal Service filed supporting financial documentations and certified statements for the Modifications, as required by 39 C.F.R. § 3035.105.

II. COMMISSION ANALYSIS

The Commission has reviewed the Notices and the accompanying materials filed under seal, and the Public Representatives' comments.

Cost considerations. The Commission reviews competitive product prices to ensure that each product covers its attributable costs, does not cause market dominant products to subsidize competitive products, and contributes to the Postal Service's institutional costs. 39 U.S.C. § 3633(a); 39 C.F.R. §§ 3035.105 and 3035.107. As long as the revenue generated by the product exceeds its attributable costs, the product is unlikely to reduce the contribution of competitive products as a whole or to adversely affect the ability of competitive products as a whole to contribute an appropriate share of institutional costs. In other words, if a product covers its attributable costs, it is likely to comply with 39 U.S.C. § 3633(a).

The Modifications change the expiration dates of the Existing Agreements to May 31, 2024. Notices at 1. Additionally, the Modifications each replace a provision concerning preparation requirements for International Priority Airmail M-bags and provisions specifying what is not considered Qualifying Mail.² Notices, Attachment 1 at 1, 3. Further, the Modifications also make changes to provisions concerning monthly reports, address labels and customs declarations, customs duties and taxes, and

² The Modification to Docket No. CP2020-177 replaces provisions concerning preparation requirements for Priority Mail Express International, Priority Mail International, Commercial ePacket in addition to International Priority Airmail M-bags. Notice of the United States Postal Service of Filing Modification Two to International Priority Airmail, Commercial ePacket, Priority Mail Express International, Priority Mail International & First-Class Package International Service Contract 1 Negotiated Service Agreement, December 12, 2022, Attachment 1 at 1-2.

notices and inquiries.³ Finally, the Modifications revise the prices to be paid under the Existing Agreements and provisions pertaining to postage payment.⁴

Based on a review of the record, the Commission finds that the Existing Agreements, as modified are projected to cover their attributable costs. For this reason, the Commission finds that the Modifications should not result in competitive products as a whole being subsidized by market dominant products, in accordance with 39 U.S.C. § 3633(a)(1). Similarly, it finds the Modifications are unlikely to prevent competitive products as a whole from contributing an appropriate share of institutional costs, consistent with 39 U.S.C. § 3633(a)(3). Accordingly, a preliminary review of the Modifications indicate they are consistent with section 3633(a). The Commission will review the cost coverage of the Existing Agreements, as modified, in the required quarterly reports and in its Annual Compliance Determination to ensure that rates cover costs.

In the financial workpapers filed in support of the Modifications, the Postal Service relied on settlement charges published in International Bureau (IB) Circulars 152 and 161, published on September 19, 2022, and September 26, 2022, respectively. The most current settlement charges were published in IB Circulars 184 and 186, published November 21, 2022. The Commission evaluated the cost coverage of these contracts based on the most current settlement charges. The Commission encourages the Postal Service to use the most recent settlement charges in the supporting workpapers filed with international negotiated service agreements.

Other considerations. The intended effective date of the Modifications is the date on which the Postal Service is willing to accept Qualifying Mail in accordance with Modification Two. See Notices, Attachment 1 at 1. The Postal Service shall notify the Commission in the corresponding docket(s) of the effective date of each Modification.

³ *Id.* at 2-4 (in the Notice filed in Docket No. CP2020-177), *id.* at 1-3 (in the Notices filed in Docket Nos. CP2020-184, CP2020-184, CP2020-186, CP2020-190, and CP2020-202).

⁴ *Id.* at 4 (in the Notice filed in Docket No. CP2020-177); *id.* at 3-4 (in the Notices filed in Dockets Nos. CP2020-184, CP2020-186, CP2020-190, and CP2020-202).

The Existing Agreements, as modified, are scheduled to expire on May 31, 2024. See Notices at 1. If any of the Existing Agreements, as modified, are terminated prior to their scheduled expiration date(s), the Postal Service shall promptly notify the Commission in the corresponding docket(s).

Section III contains a list of the docket numbers associated with each Postal Service Notice, the title and date of the Postal Service's filing, and a brief summary of the comments received.

The Commission approves the Existing Agreements, as modified, filed in the docket numbers listed in section III.

III. MODIFICATIONS APPROVED

1. Docket No. CP2020-177; *Filing*: Notice of the United States Postal Service of Filing Modification Two to International Priority Airmail, Commercial ePacket, Priority Mail Express International, Priority Mail International & First-Class Package International Service Contract 1 Negotiated Service Agreement, December 12, 2022. *Public Comments*: The Public Representative filed comments on December 20, 2022.⁵ No other comments were received. The Public Representative recommends approval of the modification, concluding that it satisfies the applicable statutes and will generate sufficient revenue to cover its attributable costs. CP2020-177 PR Comments at 1-2.

2. Docket No. CP2020-184; *Filing*: Notice of the United States Postal Service of Filing Modification Two to International Priority Airmail, Commercial ePacket, Priority Mail Express International, Priority Mail International & First-Class Package International Service Contract 2 Negotiated Service Agreement, December 13, 2022. *Public Comments*: The Public Representative filed comments on December 20, 2022.⁶

⁵ Docket No. CP2020-177, Public Representative Comments, December 20, 2022 (CP2020-177 PR Comments).

⁶ Docket No. CP2020-184, Public Representative Comments on Notice of Postal Service Filing Modification Two to International Priority Airmail, Commercial ePacket, Priority Mail Express International, Priority Mail International & First-Class Package International Service Contract 2, December 20, 2022 (CP2020-184 PR Comments).

No other comments were received. The Public Representative recommends approval of the modification, concluding that it satisfies the applicable statutes and will generate sufficient revenue to cover its attributable costs. CP2020-184 PR Comments at 2.

3. Docket No. CP2020-186; *Filing*: Notice of the United States Postal Service of Filing Modification Two to International Priority Airmail, Commercial ePacket, Priority Mail Express International, Priority Mail International & First-Class Package International Service Contract 4 Negotiated Service Agreement, December 12, 2022.

Public Comments: The Public Representative filed comments on December 20, 2022.⁷

No other comments were received. The Public Representative recommends approval of the modification, concluding that it satisfies the applicable statutes and will generate sufficient revenue to cover its attributable costs. CP2020-186 PR Comments at 1-2.

4. Docket No. CP2020-190; *Filing*: Notice of the United States Postal Service of Filing Modification Two to International Priority Airmail, Commercial ePacket, Priority Mail Express International, Priority Mail International & First-Class Package International Service Contract 6 Negotiated Service Agreement, December 12, 2022.

Public Comments: The Public Representative filed comments on December 20, 2022.⁸

No other comments were received. The Public Representative recommends approval of the modification, concluding that it satisfies the applicable statutes and will generate sufficient revenue to cover its attributable costs. CP2020-190 PR Comments at 1-2.

⁷ Docket No. CP2020-186, Public Representative Comments, December 20, 2022 (CP2020-186 PR Comments).

⁸ Docket No. CP2020-190, Public Representative Comments, December 20, 2022 (CP2020-190 PR Comments).

5. Docket No. CP2020-202; *Filing*: Notice of the United States Postal Service of Filing Modification Two to International Priority Airmail, Commercial ePacket, Priority Mail Express International, Priority Mail International & First-Class Package International Service Contract 9 Negotiated Service Agreement, December 8, 2022. *Public Comments*: The Public Representative filed comments on December 16, 2022.⁹ No other comments were received. The Public Representative recommends approval of the modification, concluding that it satisfies the applicable statutes and will generate sufficient revenue to cover its attributable costs. CP2020-202 PR Comments at 2.

IV. ORDERING PARAGRAPHS

It is ordered:

1. The Commission approves the five International Priority Airmail, Commercial ePacket, Priority Mail Express International, Priority Mail International & First-Class Package International Service negotiated service agreements, as modified.
2. The Postal Service shall notify the Commission of the effective date of each of the Modifications.
3. The Postal Service shall notify the Commission if any of the Existing Agreements, as modified, terminate prior to the revised expiration date, May 31, 2024.

By the Commission.

Erica A. Barker
Secretary

⁹ Docket No. CP2020-202, Public Representative Comments on Notice of Postal Service Filing Modification Two to International Priority Airmail, Commercial ePacket, Priority Mail Express International, Priority Mail International & First-Class Package International Service Contract 9 Negotiated Service Agreement, December 16, 2022 (CP2020-202 PR Comments).